

FOREIGN-FLAG VESSEL INSPECTION AND EXAMINATION

APRIL 28, 1992.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. JONES of North Carolina, from the Committee on Merchant Marine and Fisheries, submitted the following

REPORT

[To accompany H.R. 4485]

[Including cost estimate of the Congressional Budget Office]

The Committee on Merchant Marine and Fisheries, to whom was referred the bill (H.R. 4485) to authorize reimbursement of expenses for overseas inspections and examination of foreign vessels, having considered the same, report favorably thereon and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 4485 is to improve safety on foreign-flag vessels by authorizing the United States Coast Guard to be reimbursed for expenses incurred in inspecting and examining foreign-flag vessels overseas.

BACKGROUND AND NEED FOR LEGISLATION

Under section 3317(b) of title 46, United States Code, when an owner or operator of a United States-flag vessel requests the Coast Guard to inspect or examine a vessel in a foreign place, the owner or operator is required to reimburse the Coast Guard for personnel travel and subsistence expenses related to the inspection. This bill would amend section 3317(b) to apply to foreign vessels as well.

The Coast Guard currently examines foreign vessels on their arrival in the United States for compliance with the International Convention for the Safety of Life at Sea, other international conventions, and United States laws and regulations. Foreign tank vessels carrying hazardous liquids or liquefied gases, other tank vessels, and passenger vessels arriving in the United States for the

first time are examined by the Coast Guard. The vessels are inspected again the first time they enter U.S. waters after rehabilitation, rebuilding, or significant modification.

An overseas examination of a passenger or tank vessel is often more thorough and effective, particularly when it is dry-docked, than one conducted after it has arrived in the United States. In those cases, the Coast Guard evaluates and identifies problems at an early stage, allowing the vessel owner to have the necessary alterations done in the shipyard. This eliminates costly delays later.

Under this bill, the reimbursement would be the same as that for U.S. documented vessels and would include the costs of travel, lodging, meals, and incidentals. It would not include inspector salaries or overtime pay, which is recovered through the user fees authorized in section 2110 of title 46, United States Code.

The Committee expedited consideration of H.R. 4485 because it furthers safety, costs taxpayers nothing, and enjoys Administration and maritime industry support. The Coast Guard is reimbursed for inspecting and examining United States-flag vessels overseas in accordance with the Joint Federal Travel Regulations, NAVSO P 6034 (0516-LP-203-9400) dated July 1, 1986, (JFTR). The Committee understands that if H.R. 4485 were enacted, the Coast Guard would use the same regulations to calculate the expenses incurred in inspecting and examining foreign-vessels.

COMMITTEE ACTION

On March 18, 1992, Chairman Jones and Messrs. Tauzing, Fields, and Davis introduced H.R. 4485, which was referred to the Committee. The bill was subsequently referred to the Subcommittee on Coast Guard and Navigation. The Subcommittee did not hold a hearing, and was discharged from further consideration of the bill. On April 8, 1992, the Committee approved H.R. 4485 by a voice vote without amendment and ordered the bill favorably reported to the House.

SECTION-BY-SECTION ANALYSIS

Paragraph (1) of the bill amends section 3317(b) of title 46, United States Code, by substituting "part" for "chapter" to include inspections conducted under chapters 31 through 45 of title 46 under the proposed reimbursement authority. The amendment will ensure that expenses related to foreign vessel inspections and examinations will be reimbursed.

Paragraph (2) of the bill amends section 3317(b) of title 46, United States Code, by adding "or a foreign vessel". The change would allow foreign vessel owners to request the Coast Guard to inspect and examine vessels overseas, provided the vessel owners reimburse Coast Guard overseas inspection and examination expenses.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4) of Rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment of

H.R. 4485 will have no significant inflationary impact on prices and costs in the operation of the national economy.

COST OF THE LEGISLATION

Clause 7(a) of Rule XIII of the Rules of the House of Representatives requires an estimate by the Committee of the costs which would be incurred in carrying out H.R. 4485. However, clause 7(d) provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974.

COMPLIANCE WITH HOUSE RULE XI

(1) With respect to the requirements of clause 2(1)(3)(A) of Rule XI of the Rules of the House of Representatives, no oversight findings or recommendations on the subject of H.R. 4485 have been made by the Committee during the 102nd Congress.

(2) With respect to the requirement of clause 2(1)(3)(B) of Rule XI of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, H.R. 4485 does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures.

(3) With respect to the requirements of clause 2(1)(3)(D) of Rule XI of the Rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations from the Committee on Government Operations on the subject of H.R. 4485.

(4) With respect to the requirement of clause 2(1)(3)(C) of Rule XI of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 4485 from the Director of the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 10, 1992.

Hon. WALTER B. JONES,
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 4485, a bill to authorize reimbursement of expenses for overseas inspections and examination of foreign vessels. The bill was ordered reported by the House Committee on Merchant Marine and Fisheries on April 8, 1992. We expect that the enactment of H.R. 4485 would have no net impact on the federal budget and would not affect the budgets of state or local governments.

H.R. 4485 would amend 46 U.S.C. 3317 to require owners or operators of foreign vessels to reimburse the U.S. Coast Guard for out-of-pocket costs related to the inspection of such vessels at foreign ports. Reimbursements would be credited to the agency's operating expense appropriation account. By providing for reimbursements, the bill would enable the Coast Guard to inspect foreign ships overseas at the request of the owner or operator when it would be more

efficient to do so. (Currently, no such overseas investigations are carried out.) Because any resulting additional spending for inspections would be offset by new collections, enactment of this legislation would have no net impact on the federal budget.

H.R. 4485 would affect offsetting collections by the government and spending from those collections. Therefore, it has direct spending effects and would be subject to pay-as-you-go procedures under the Budget Enforcement Act of 1990. We estimate that the net effect on outlays for pay-as-you-go purposes would be zero in each year. The estimate required under clause 8 of House Rule XXI is attached.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Reis, who can be reached at 226-2860.

Sincerely,

ROBERT D. REISCHAUER, *Director*.

CONGRESSIONAL BUDGET OFFICE ESTIMATE¹

The applicable cost estimate of this act for all purposes of sections 252 and 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be as follows:

(By fiscal year, in millions of dollars)

	1992	1993	1994	1995
Change in outlays	0	0	0	0
Change in receipts	NA	NA	NA	NA

DEPARTMENTAL REPORTS

The Committee received Executive Communication 2700 from the Acting Secretary of Transportation dated January 7, 1992, pertaining to this matter.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, as amended, changes in existing law made by the bill, as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman).

46 U.S.C. 3317

§ 3317. Fees

(a) The Secretary may prescribe by regulation fees for inspecting or examining a small passenger vessel or a sailing school vessel.

¹ An estimate of H.R. 4485 as ordered reported by the House Committee on Merchant Marine and Fisheries on April 8, 1992. This estimate was transmitted by the Congressional Budget Office on April 10, 1992.

(b) When an inspection or examination under this [chapter] *part* of a documented vessel or a *foreign vessel* at a foreign port or place at the request of the owner or managing operator of the vessel, the owner or operator shall reimburse the Secretary for the travel and subsistence expenses incurred by the personnel assigned to perform the inspection or examination. Amounts received as reimbursement for these expenses shall be credited to the appropriation for these expenses shall be credited to the appropriation for operating expenses of the Coast Guard.

